



*Andrew Junkin
CFA, CIMA, CAIA
Managing Director*

March 26, 2008

Dr. Russell Read
Chief Investment Officer
California Public Employees' Retirement System
400 Q Street
Sacramento, CA 95814

Re: Revision of Global Equity Index Funds Policies

Dear Russell,

You requested Wilshire's opinion with respect to Staff's proposed changes to the Global Equity Index Fund Policies. This is a follow up to the recent approval by the Investment Committee for internal implementation of an international small/micro cap index fund and an emerging markets index fund.

Recommendation

Wilshire recommends that the Policy Subcommittee approve the revised policies.

Background and Supporting Information

The key changes in this revision to the Global Equity Index Fund Policy are reflected in Section IV, A, 4 and 5 (the performance objective for each of the new index funds) and Section IV, B, 4 and 5 (the benchmark for each of the new index funds). Note, that the Policy does indicate that the emerging markets index fund will be subject to CalPERS Emerging Equity Markets Principals.

Conclusion

Wilshire has analyzed the changes and feel that they represent an appropriate addition to this policy and reflect the wishes of the Investment Committee, based on the discussion at the March Investment Committee meeting. Wilshire recommends that the Policy Subcommittee adopt these revised policies.

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Should you require anything further or have any questions, please do not hesitate to contact us.

Best regards,

A handwritten signature in black ink, appearing to read "Ann Jinn". The signature is fluid and cursive, with the first name "Ann" and last name "Jinn" clearly distinguishable.